

**IOWA RACING AND GAMING COMMISSION**  
**MINUTES**  
**MAY 4, 2010**

The Iowa Racing & Gaming Commission (IRGC) met on Tuesday, May 4, 2010 at Stoney Creek Inn, 5291 Stoney Creek Court, Johnston, Iowa. Commission members present were Greg Seyfer, Chair; and members Kate Cutler, Andrea Harrison and Paul Hayes.

Chair Seyfer called the meeting to order at 8:00 AM and requested a motion to approve the agenda. Commissioner Cutler moved to approve the agenda as submitted. Commissioner Harrison seconded the motion, which carried unanimously.

Chair Seyfer requested a motion to go into Executive Session. Commissioner Hayes moved to go into Executive Session for the purpose of receiving Division of Criminal Investigation (DCI) background investigation reports pursuant to Iowa Code Section 21.5(1)g. Commissioner Harrison seconded the motion, which carried unanimously on a roll call vote. (See Order No. 10-49)

Toni Urban, Vice Chair joined Executive Session within a few minutes after it began.

At the conclusion of the background investigative reports, Chair Seyfer requested a motion to leave Executive Session. Commissioner Urban moved to leave Executive Session. Commissioner Cutler seconded the motion, which carried unanimously. (See Order 10-50)

Following a brief recess, the meeting resumed at 9:30 AM.

Chair Seyfer stated that the purpose of the public forum is for members of the public who are not affiliated with an applicant to have an opportunity to address the Commission. This includes those people who spoke or were recognized at the March presentations or those individuals present at the site visits. He noted the applicants and those individuals supporting the proposals have had sufficient opportunities to present their case to the Commission. This day is for the members of general public who have not previously had an opportunity to be heard.

Jack Ketterer, Administrator for IRGC advised that those individuals who had contacted the office were signed up to speak. If individuals had not contacted the office, they had the opportunity to sign up at the back of the room. He advised that everyone would need to check in with staff located at the sign-in sheet in order to keep the process moving smoothly. Each speaker was requested to state their name, spell it, and indicate whether they were representing a group or themselves.

*If written comments were provided to the Commission, a copy is attached and incorporated in its entirety by this reference.*

Chair Seyfer called on comments for Lyon County Resort & Casino, LLC/Lyon County Riverboat Foundation, Inc. As no one had signed up to speak on this application, Chair Seyfer moved on to comments for Signature Management Group of Iowa, L.L.C./Tama County Community Enrichment, Inc.

Thomas J. Jochum and Jon Papakee, representing the Meskwaki Tribe, and Dan Stromer representing the Meskwaki Casino spoke in opposition to the application.

Following these comments, Chair Seyfer called on individuals wishing to speak to the Ingenus of Iowa LLC/River Hills Riverboat Authority. David Ross, Herbst Gaming; Bill Trickey, Clarke County Development Corporation; and Gary Hoyer, Catfish Bend Casino spoke in opposition, citing the negative impact the casino would have on revenues at their facilities.

In addition, the following individuals addressed the Commission in support of the application. Andy Woodrick, Honey Creek Resort; Jami Matice, KYOU Fox 15 TV; Bill Gerhard, State Building Construction Trade Council; Cheryl Cox, Bridge View Center, Inc.; Tom Rubel, Indian Hills Community College; Tim Schwartz, Hotel Ottumwa; Sarah Hartley, AmericInn; Roger Jones, Ottumwa Economic Development; Les Thostenson, Ottumwa Board of Realtors; Mary Gaskill, State Representative; Andrew Grove, KTVO-TV; Hans Wilz, Edd the Florist; Richard Palen, KLEE/KOTM; and Jeremy Weller, representing himself. These individuals cited economic development, additional tax receipts, entertainment, jobs, and an added attraction to market with other tourist sites that currently exist.

Phil Griffith, representing himself, spoke in opposition to the application in Ottumwa. He cited broken promises relating to previous projects within the community, the negative impact on the community, and there are enough casinos already.

Following a short break, Chair Seyfer called on those individuals wishing to speak to the Webster County Gaming, LLC/Heart of Iowa Foundation application. The following individuals spoke in opposition of the casino, citing the negative impact of the casino on revenues for Wild Rose and the non-profit, jobs and the local economy. Tom Timmons, Wild Rose Casino Emmetsburg; Nate Newhouse, Palo Alto County Gaming Development Corporation; John Bird, Emmetsburg City Administrator; State Representative Marcie Frevert (District 7); Tracey Mattice, Citizens of Palo Alto County; and John Brown, Citizens of Palo Alto County. State Senator Jack Kibbie (District 4) in general about gaming in Iowa.

Terry Dillon, Nancy Stanek, Gregory A. Olson, J. Faulkner Martin, Jean Black, Carla Warner, and Blair Conley, representing themselves; and William S. Doan, representing the Doan Family Foundation spoke out against the application.

The following individuals spoke in support of the application: Mark Campbell, Rhonda Chambers, Jason Kahler, Jeff Hill, Deb Johnson, Chad Schaeffer, Lori Branderhorst, Mike Aschers, David Fierke, Don Woodruff, Tim Burns, Paula Anderson, Amy Bruno, Jim Reed, Sara Hill, Lynette Pearson, Keely Gunderson, Chef Michael Hirst, Bridget Lambricht, Michelle Bemrich, Jessica Smith, Margy Halverson-Collins, David J. Bradley, Bill L. Thomas; Kenneth K. Kull, Bruce Kingfield, Dennis Plautz, Derick Anderson, Randy Vanderpool, Toni Schmalen, Mark Jorgensen, Bob Wood, Karen Wood, Scott McQueen, Dean Kitley, Cheryl O'Hern, Bob Singer, Susan Ahlers Leyman, Tom Miklo, Andy Patel, Mike McCarville, Dan Payne, Michael Ascherl. They cited jobs, tourism, revenue, entertainment, quality of life enhancements, joint marketing opportunities, and economic development. Kim Koenigs voiced her support for the project on behalf of Peninsula Gaming. Mary Beth Frischmeyer read a letter on behalf of Senator Daryl Beall expressing his support. Joel Lizer read a letter on behalf of State Representative Helen Miller.

A break for lunch was taken from noon until 1:00 PM during the comments on the Webster County Gaming, LLC/Heart of Iowa Foundation application.

Following these comments, the Chair called on those individuals that wished to make comments not related to any particular application. Mitch Henry, Dan Kelley, Paul Totten, Jonathan Narcisse, Gary Thellen and Nancy Stillians all spoke in opposition of issuing any new licenses.

Following a short break, the Chair called up the Questions from Commission Members portion of the agenda and called on Lyon County Resort & Casino, LLC/Lyon County Riverboat Foundation, Inc. Dan Kehl, CEO, and Ken Bonnet, CFO, Joe Massa, General Manager at Riverside Casino & Golf Resort, Jeff Gallagher, Tony Baxter with Baxter Construction, and Dan Hoffman and Gary Bishop from the non-profit board, and Sharon Haselhoff were available to answer questions. As there were no public comments received on this project, the Commission moved forward with their questions.

Commissioner Urban expressed concern about the project employing Iowans, given its proximity to the borders of South Dakota and Minnesota. Mr. Kehl stated that they make a point of employing Iowans and utilizing Iowa companies and services at their properties. He stated that when their facilities are seeking bids, if all aspects are equal, they will go with the Iowa vendor. Mr. Kehl stated that some preliminary bid pages have been sent out, and they are receiving a good response from Iowa vendors, and they are being very competitive. With respect to employees, Mr. Kehl noted that Lyon County is a very small county, and they will do their best to hire as many Iowans as possible, but they can only hire those that apply. He conceded there will be some employees from the Sioux Falls area. Mr. Kehl pointed out that South Dakota does not have any income tax, but if an individual is working Iowa, they would be required to pay Iowa income tax.

Commissioner Hayes asked Mr. Kehl where he was at in the process of obtaining the necessary permits, and how quickly construction could commence if a license were granted. Mr. Kehl advised that the first set of bids were received the previous week, and the second set just arrived so bids are ready to be let if they are granted a license. Some of the bids are below the estimate. Tony Baxter is the Iowa contractor. The high end project cost for the project is \$50 million; if some changes are made it could be done for \$46 million. Mr. Kehl indicated that they still have to go through the permit process; they have filed for a preliminary permit with the Corp of Engineers, and there are no wetlands on the site. Mr. Kehl stated that if they receive the permit from the Corp, they will proceed with getting the construction permit from the County. He advised that if they are granted a license on May 13<sup>th</sup>, they intend to close on the land on the 14<sup>th</sup> and begin construction in June. It is his intent to have the property open in June 2011.

Chair Seyfer stated that they have submitted financial commitments for \$50 million in equity financing and \$70 million in debt financing.

Commissioner Harrison asked what steps Mr. Kehl was taking to insure the safety of the patrons. Mr. Kehl stated that the town of Larchwood is only 8-10 minutes away. The fire chief, who is also the mayor of Larchwood, has indicated they are able to purchase any necessary equipment, and Mr. Kehl stated that facility would do what they could to assist them in those endeavors. He also indicated there will be a 3ø firewall between all of the floors and rooms; the property will be fully sprinkled and the steel beams will be covered in insulation. Mr. Kehl advised that there is a ladder truck in Sioux Falls should the need arise. During the design process, he has worked with the architectural firm to insure they are in compliance with the State Fire Code. Mr. Kehl advised that half of the Sheriff Department lives within 15 minutes of the proposed casino site. The Sheriff has indicated his willingness to provide his assistance at the facility if necessary, and plans to meet with the DCI to determine if there will be a need to hire additional staff. Mr. Kehl indicated that he would work with the Sheriff's Department as much as possible to help insure they have the needed resources. He pointed out that the situation in Washington County is not much different than what is occurring in Lyon County. Mr. Kehl stated that the property sent a check to the Washington County Sheriff's Department for the purchase of a drug dog; the Sheriff respectfully returned the funds.

Commissioner Urban, noting that some of the project will be geo-thermal, asked if they would be seeking Leeds certification. Mr. Kehl stated that he was not sure the project will be a full Leeds project, but they are doing everything they can to make it as green and environmentally friendly as possible so that it can be model for new construction.

Commissioner Hayes asked how the slot machine budget was determined. Mr. Bonnet stated that it was based on the number of machines; the number selected for this project was based on the number of machines at Riverside. He indicated they have gone out and solicited bids from the vendors. The slot machines can range in price from \$15,000 - \$18,500, most are just a smidge under \$16,000. Commissioner Hayes asked if that was

for each machine. Mr. Bonnet answered in the affirmative, that each machine can cost approximately \$20,000 when complete.

Commissioner Urban, noting they are paying a higher interest rate on the debt and the anticipated lower revenues over the first year, asked if that would create any problems in building the golf course, which was to be built using revenues from the facility. Mr. Kehl indicated they intend to start construction of the golf course after completion of the first full year of operations. He indicated that if revenues are substantially less, they will be back in front of the Commission, but currently believes the higher interest rate will not impair their plans to utilize revenue to construct the golf course.

Mr. Ketterer asked about the Iowa investors. Mr. Kehl advised that 457 individual subscribers have committed to supply in excess of \$21 million in equity. The Kehl family has to fulfill the remaining Iowa investor portion of the project in the amount of \$7 million. He indicated there are still a few stragglers committing to the project. Mr. Ketterer asked about the remaining \$22 million of equity in the project. Mr. Kehl stated that the Kehl family is providing the remaining amount. Mr. Ketterer clarified that the project is being financed with \$70 million of debt and \$50 million of equity. Mr. Kehl indicated that was correct.

Commissioner Hayes asked if the above scenario would create additional debt. Mr. Bonnet answered in the affirmative. He indicated that some of it could possibly be moved around, but the financing would get a little uncomfortable; they are at the "sweet spot" between debt and equity.

As there were no further questions concerning the Lyon County project, Chair Seyfer called on the Signature Management Group of Iowa. The following individuals were present to address any questions: John Pavone and Michael Hlavsa for Signature, Barry Brautman for Sunway Capital, and Jeff Seidel of Northlands Securities. Sam Humphreys, Chairman of London Bay Capital was available by web cam.

Chair Seyfer asked Mr. Pavone if there were any comments made during the public hearing that he wanted to respond to. Mr. Pavone noted that the members of the Meskwaki Tribe have expressed concern about a second facility in Tama and advised that they are cognizant of the fact. He stated it is their belief that a second facility will help grow the market, as has occurred in Council Bluffs. The proposed facility is small, and will provide a second opportunity for employment should it have a negative impact on the Meskwaki operation. Mr. Pavone stated it is their intent to work with the tribe, and hope to do some joint marketing. He noted the tribe completed a large expansion to their operation two or three years ago. All of the market studies completed by the Commission and various other groups have stated that the market has approximately 1.4 million gamers within a 90-minute drive. It is Signature's belief that there is a robust market with room for growth.

Chair Seyfer noted that when Signature first started talking to the Commission about this project, he indicated that he would work with the Meskwaki Tribe. Chair Seyfer stated that he assumed that would take place sooner rather than later and asked Mr. Pavone if he has done anything to reach out to the Tribe. Mr. Pavone stated they have had one meeting with the Tribe as has Chris Bearden, the chairman of the non-profit. He stated that the letter provided to the Commission today is one of the contacts made. Mr. Pavone stated the goal is not to carve up the market, but to work with the Tribe and bring more bodies to the market. He indicated that they would need the Tribe more than the Tribe will need them. Mr. Pavone reiterated that it will be a small facility with an 80-room hotel. A second facility will provide the gamers with a second option, and will be beneficial for both properties.

Chair Seyfer stated that both of the studies completed on behalf of the Commission stated that in order for a second casino to survive in Tama it would have to be of a significant size. Mr. Pavone stated there were three different levels shown in the feasibility study done for the Commission. They had the Innovation Group update it to be more site specific and include the RV park, the number of hotel rooms, and gaming devices. That updated study projected revenues in excess of \$40 million, and it is Signature's belief that the proposed project is the right size and right fit for Tama. They believe the proposed project is viable and will generate substantial revenues for the state, county and non-profit as indicated by the financials submitted to the Commission during the presentation.

Commissioner Hayes stated that the GVA Marquette (Marquette) study indicated that a destination resort facility would cost approximately \$150 million. He asked Mr. Pavone to explain why their assessment is wrong. Mr. Pavone pointed out that the study also indicated that if they spent that kind of money, they would be the largest casino in the state, even larger than Lyon County. He stated that all of the other studies that have been completed refute the Marquette numbers, and have indicated that if the project were appropriately sized, it could be profitable. Mr. Pavone stated that he does not believe there is a bank or lender that would lend \$100 million for a casino in Tama. He indicated the other studies provide a higher comfort level than the Marquette study, and believe their numbers are closer to being right.

Commissioner Cutler asked about the source of the funding for the project, noting that it has been a moving target. Mr. Pavone asked Barry Brautman of Sunway Hotel Group and Sam Humphreys from London Bay Capital to address the financing. Mr. Brautman stated that the debt financing for the project is going to be raised by Northland Networks. He stated that Sunway has numerous gaming projects and noted that Sam Humphreys and London Bay Capital out of San Francisco are putting together a pool of equity for the projects on behalf of Sunway; the Tama project is included in the pool.

Commissioner Hayes asked if it was known where the equity was coming from, who the investors are. Mr. Brautman deferred to Mr. Humphreys, again reiterating that London Bay is putting together the equity; that they have the necessary sources to do so. Chair Seyfer indicated he was hearing that there is still no indication of who the source of the

funding will be. Mr. Brautman indicated that was correct. Commissioner Cutler asked if Mr. Humphreys knew who the source would be. Mr. Humphreys advised that London Bay Capital is a private equity firm that invests their own capital and help others arrange capital for projects of this size. He stated that over the last two years London Bay has purchased businesses with their own funds totaling approximately \$250 million. London Bay typically buys businesses where the equity need is somewhere in the \$50 million range. Mr. Humphreys noted that London Bay has been able to do so even in a very tricky debt market. He indicated London Bay was contacted by the principals of the Sunway Hotel Group, and the two companies have been partners in various projects over the last few years to help them understand what is occurring in the capital market and how to put together a project like this together with debt and equity on a combined basis in the area of \$40 million, where the project itself should, given a range of possible outcomes, generate \$30-45 million per year in revenues and have cash flow margins in the mid-\$20 to high \$30s, which would not be all that surprising for a project like this. Mr. Humphreys stated that London Bay had reviewed The Innovation Group study, and are also somewhat familiar with the project themselves. He further stated that based on where they believe Northland will be able to come out on the debt side, they believe the equity component will probably be in the area of \$12-18 million, based on what is going on in the credit market. Mr. Humphreys stated that London Bay is not coming in as the investor, and generally only come in where they are buying an existing mature business and are taking control of it. He explained that London Bay is playing an agent role here as the current team is trying to retain as much of the equity ownership as possible, which is understandable with a project such as this. Mr. Humphreys stated that to assemble a mid-teen million dollar equity rate for something like this, London Bay would approach a small number of individual investors and family offices with whom they have done business over the years. He indicated the project would be too difficult to sell to small investors, but stated there are many sophisticated family offices that would each put several million into a project like this based on due diligence. Mr. Humphreys stated that London Bay believes that a smaller rather than a larger facility is the way to go; that a \$40 million project is more attractive and practical in this particular setting than a \$100 million project. Mr. Humphreys stated that while the Commission will need to know who those individuals are, and they will be subject to all of the due diligence of the Commission's background investigators; London Bay would also perform background checks and perform their own due diligence on the individuals. He stated that the investors would be people that London Bay knows; that they have invested with previously and has an established relationship with based on history and ethics. Mr. Humphreys stated that the investors are not named at this point, but would be subject to clearance and all of the standard background investigation that is customary in a project of this nature.

Commissioner Cutler asked Mr. Humphreys how long it would take London Bay to put together the \$12-18 million of equity. Mr. Humphreys stated that with the debt being pretty far down the road, and being able to more specifically identify the equity needs, which is where they are at now, he feels he could do so in as little as 60 days.

Commissioner Hayes stated that he is confused about the equity ownership, London Bay versus Sunway. Mr. Pavone stated that London Bay will be supplying the equity to Sunway; Sunway is the one contributing the equity and the one who will stand behind the project, not only with London Bay but with their own capital and equity as well. He reminded Commissioner Hayes that they have a debt commitment from Northland Securities. London Bay's job is to provide the equity to Sunway, not only for this project, but other Sunway projects as well. Mr. Pavone stated that Sunway will be providing approximately \$17 million of equity to the project.

Commissioner Hayes clarified that London Bay will be providing the equity to Sunway. Commissioner Hayes asked if they would own part of Sunway. Mr. Pavone indicated they would not. He stated that Sunway will contribute the equity to the project directly; they are in the process of raising equity for this project and other Sunway projects as well. Commissioner Hayes asked if Sunway will be borrowing any funds from the London Bay investors. Chair Seyfer stated that it appears the project will be 100% financed. Commissioner Cutler concurred, indicating it was debt. Mr. Brautman stated that Sunway does have equity that they will be putting into the project. Commissioner Cutler asked how much. Mr. Brautman stated that the amount varies, indicating Sunway had funds ready to put into the project at this time, but it will depend on how much debt is raised by Northland and any equity raised by London Bay.

Mr. Humphreys stated that London Bay would not be bringing debt to the project, but equity. He stated that irrespective of the final structure, there would be equity that London Bay is arranging on behalf of Sunway and Northland will be arranging the indebtedness. He indicated the ratios would not be terribly different than the Lyon County project, 50% debt from Northland and 50% equity from London Bay. Their role is that of an agent, similar to the role being played by Jefferies for Lyon County. He stressed that London Bay would not own the project, but the investors they bring to the project will expect to have an equity ownership in Sunway; they will be sitting at the Sunway level. He stated his expectation that it would be a small number of individuals or family offices that would have to come before the Commission before being confirmed.

Commissioner Urban stated that when the Commissioners talked to John in January he still had the expectation that he was going to put together a group of Iowa equity investors. Mr. Pavone was advised at that point he was wasting his financing; that a deadline for submitting financial information had been set. A conference call took place at the end of January and told him that the names of the equity investors had to be submitted by February 8<sup>th</sup>; that it was necessary to know who the equity investors were so that they could go through the normal channels and DCI background. The information was never received. Now, we are talking about equity partners after the fact. Commissioner Urban stated that she did not feel it was the intention of the Commission to give a license to someone when they don't know where the money is coming from. She asked Mr. Pavone to provide clarification.



Mr. Pavone stated that he knew this area had been a point of confusion. He stated that when Signature came forward with the all-Iowa investor group, it was their belief from conversations and communications received from the Commission that background investigations would only be conducted on those individuals who were going to own 5% or more, and that those were the only individuals who needed to be identified. He indicated the issue became a matter of timing. Mr. Pavone stated that London Bay is the equity partner and will be raising equity for the Tama project and other projects through independent investors. Financing for the project will be through Northland on the debt side and London Bay on the equity side. The equity investors will be no different than the equity investors in the Lyon County project. Mr. Pavone advised that Sunway is actually contributing the equity and will be the equity investor in this project along with Midwest Gaming and Signature, who have been funding this project for two years. He assured the Commission that all of the investors on the equity side will be identified; that the only thing Mr. Kehl has ahead of them is an actual list of individuals. Mr. Pavone stated the Commission will have that information, and they will be disclosed to the DCI. He stated that the structure will be the same as Jefferies has in place for Lyon County. He noted that they have two letters of commitment from Northland. Mr. Pavone again apologized for the confusion surrounding this area of the application going back to January.

Chair Seyfer stated that he does not believe that there has been any confusion on the Commission's part. The process started back in July when they announced the application process would be opened. At that point, the Commission made it very clear that one of the main concerns was financing. Now, the process is nearing the end and the Commission still doesn't have a clue where the financing for the project is coming from. He stated that Mr. Pavone could provide the explanations today, but that the financing would probably change again the next day. Mr. Pavone assured Chair Seyfer that it would not.

Commissioner Cutler stated that the Commission still does not have any idea of who the equity investors will be; there is no list and there is nothing in place. She stated that he has been given every opportunity to provide the information so that the necessary background checks could be performed. Mr. Pavone advised that background checks have been completed on Sunway, Midwest, Northlands, Signature and London Bay. He indicated that London Bay has spoken with the DCI. He stated that it was his understanding that SA Brosnahan was going to receive the names of the investors from London Bay. Mr. Pavone reiterated that all of the backgrounds have been done on the rest of the groups and they are committed to providing equity for the project. He stated that if the Commission wanted specific names of individuals that are going to be putting in every dollar he was not sure that anyone else has that information available today. He stated that he had seen Jefferies information, and that for all of the other projects. He stated that if that is what the Commission is looking for, he will contact Mr. Humphreys immediately upon leaving the meeting room and will get that information to the Commission. Mr. Pavone again reiterated his understanding that the equity is being provided through Sunway by London Bay.

Chair Seyfer asked Mr. Pavone if that was his understanding. Mr. Pavone answered in the affirmative. Chair Seyfer asked if London Bay is committed to providing the necessary equity in the event they cannot find investors. Mr. Pavone stated that he didn't know about London Bay, but that Sunway is committed to put the equity in the project regardless.

Commissioner Urban asked Mr. Pavone if he had a letter from Sunway regarding the equity commitment stating that they are going to provide all of the equity. Mr. Pavone stated that he did not know if the Commissioner's packet contained such a letter or not. He stated that what the Commission had requested was a commitment for debt financing, and they have received a commitment from Sunway and London Bay to provide the equity and two letters of commitment for debt from Northland.

Chair Seyfer moved the discussion to the debt financing, and expressed his belief that Northland is acting as a facilitator, and asked where the funds were coming from. Mr. Pavone asked Mr. Seidel of Northland to respond. Mr. Seidel confirmed that Northland would be underwriting the debt financing; that they intended to go out to the local and regional bank markets but do not feel they would be successful in selling the debt. He indicated the non-Indian gaming market has been very active so far this year. Mr. Seidel advised that they do not have the necessary funds setting in an account at the bank ready to put into the project. He stated that Northland has a high degree of confidence based on the ratios that this issue can be done.

Commissioner Hayes asked Mr. Seidel what kind of terms he expected. Mr. Seidel indicated 11-12% for a 20-year amortization. He clarified that it would not be a bank-financed loan. Commissioner Cutler asked how much the loan would be. Mr. Seidel stated that based on the equity, it would not be much, approximately \$20-22 million. He stated that in a \$30 million market, that is not much. Commissioner Cutler asked how long it would take Northland to raise the funds. Mr. Seidel indicated 60-90 days. He stated that it is very difficult to go out into the markets and solicit the funds without a license in hand. Commissioner Cutler asked what makes it difficult. Mr. Seidel advised that Northland has gone as far as they can in answering the questions of potential investors, but their ultimate question is whether the project is ready to go. The response is that they are not quite ready to go as they don't have the license. They are in a Catch-22 situation.

Commissioner Hayes asked what the lending institutes would be looking for as collateral. Mr. Seidel indicated it would be the facilities, revenues and improvements. Commissioner Hayes asked how obtaining financing from the slot machine manufacturers for the gaming equipment would impact the loans. Mr. Seidel indicated the lenders would take that into account; it would be considered part of the overall debt coverage. He indicated that has been taken into consideration as it is not feasible to have one without the other. He stated that machine financing generally has better terms, approximately 8%. Mr. Seidel indicated that it is better to finance the machines

separately from the project, but everyone looks at the overall debt load of the project. Mr. Seidel advised that Northland could go as high as \$28 million in debt financing; that debt service would be about 2.

Commissioner Urban asked Mr. Seidel if Northland was familiar with London Bay. He indicated Northland was not, but were very familiar with Sunway, and has done various projects for Sunway, and knows that one of the funding sources for Sunway is London Bay. Commissioner Urban stated that she felt Northland had received that information from Sunway since they are not familiar with London Bay. Mr. Seidel reiterated that Northland is not familiar with London Bay separately.

Commissioner Urban asked Mr. Humphreys if London Bay is a hedge fund. Mr. Humphreys answered in the negative. Commissioner Urban asked Mr. Humphreys to explain what it is that London Bay does. Mr. Humphreys stated that London Bay buys businesses and assumes the controlling interest, which most people refer to as private equity. Additionally, they help others arrange capital for projects similar to this one, essentially acting as a facilitator. Mr. Humphreys stated that the individuals London Bay puts into these types of investments are pretty well-known and well regarded family office investors; they generally go to families that are willing to invest several million each in a project with a small number of other family offices. He defined a family office as an arm of a family that has created some wealth. Mr. Humphreys stated that London Bay would generally approach 4 or 5 investors, but no more than 10 for an investment of this nature.

Commissioner Cutler asked if he had reviewed the pro forma for the project. Mr. Humphreys stated that they have looked at the next five years' projected results. There is an expectation that the project would generate as much as \$40 million in its first full year and \$10 million in earnings before debt costs, taxes, depreciation, etc. creating a low \$20s cash flow margin. London Bay feels this is a reasonable look into the future; it is not aggressive, but it also does not assume failure of the project. Mr. Humphreys stated that this is a good project, will be well run, and if attended by a number of consumers in the mid-range of the Innovation Group's expectations, plus a small amount of growth in revenue over the next five years, there would be some improvement in the cash flow margin. He indicated that no one is expecting a large growth in the revenues or increase in margin; it is expected that the \$10-12 million of earnings pre-tax would be maintained over the years. Mr. Humphreys stated that if the projections hold true, the equity investors will do reasonably well.

Mr. Pavone asked the Commissioners to view this in terms similar to Jefferies. He stated that the equity and debt components are no different than that of London Bay and Northland. He reiterated that Signature has a commitment for \$18 million through Sunway, who will personally guarantee the project through equity and debt. The project has two commitment letters from Northland. Mr. Pavone indicated that he feels the confusion is around the fact of whether the money to cover the entire debt and equity is

actually in the bank at this time. He indicated it is not; that there is not a lender in the current market that would do so.

Chair Seyfer questioned whether a commitment is really in place. Mr. Pavone reiterated that commitments are in place to raise the necessary equity and debt financing for the project. Chair Seyfer asked what would happen if those companies are unable to raise the funds. Commissioner Cutler asked what would happen if the investors looked at the pro formas and decided that the numbers are incorrect. Mr. Pavone stated that the parties have already reviewed the pro formas.

Mr. Pavone informed Chair Seyfer that his question of Mr. Pavone should be the same one he asks of every licensee standing here: What happens if they can't raise the money? He pointed out that every applicant is raising money for their project. He indicated the confusion is as a result of the change made, and accepted responsibility for the timing of the 5% background checks. He reiterated that Signature has a committed equity source and a committed debt source. Mr. Pavone stated that even if this project loses 40% of its revenue, it would still be a viable project guaranteed by a hotel group that has completed over 200 hotel deals over the last 30 years. He stated that he hoped this response provided the Commission with a little more comfort.

Commissioner Urban stated that the purpose of the Commission is to maintain the integrity of gaming in Iowa. London Bay has indicated that they have families that they approach for money. She is cognizant of the fact that in other situations and businesses, who those families are may not be important; but it does make a difference to the Commission. They need to know who the families are, and that information has not been made available. Mr. Pavone stated it is his understanding that all of the information would be disclosed prior to money being accepted from anyone, just as Jefferies will have to do. He pointed out that Mr. Kehl stated that if they don't raise the necessary amount of equity, Jefferies would have to seek additional equity investors. Those investors will have to be disclosed. Mr. Pavone stated their intent to do the same. He referenced an e-mail from Mr. Humphreys to SA Brosnahan indicating the names would be disclosed. Mr. Pavone stated that if the Commission wants the names next week; he assured them they would have them.

Commissioner Urban stated that the Commission wanted the names a long time ago. Mr. Pavone stated that the Commission wanted the names of the investors who owned more than 5%. Commissioner Cutler stated that the Commission wanted to know who was going to provide the financing so that the necessary backgrounds that needed to be done could be completed.

Commissioner Harrison stated that it was important to not overlook the thought and rules behind the process. She indicated there were deadlines attached to the process, and that it was not Mr. Pavone's first time going through this process. It was her expectation that he, knowing the rules, would meet the deadlines and supply the necessary information. Commissioner Harrison pointed out that they still have not received the requested

information. She indicated that some of the applicants have met the deadlines and provided the necessary information to the DCI in order for them to perform the necessary background checks. Commissioner Harrison stated that the Commission and DCI are still waiting for his.

Mr. Pavone stated that it was his understanding that as of three days ago the DCI had everything they needed from London Bay and the rest of the groups. If there is something different, he is not aware of it. He further stated that he has not been notified by anyone that they have missed a deadline or not provided anything that was requested. Mr. Pavone stated that he spoke with SA Brosnahan three days ago and was advised that the DCI had received everything necessary from them (London Bay). He stated that he did not know if the background investigations had been completed due to timing. He reiterated his understanding that London Bay had provided all of the information requested by the DCI. He stated that if some information is missing, they need to be notified and they will make sure it is provided as soon as possible. Mr. Pavone reiterated that financing is being provided by Sunway, London Bay, Northland, Midwest and Signature. He stated that Midwest and Sunway are standing behind the project with personal guarantees, with an \$18 million equity component and 2 letters from Northland to raise the necessary debt.

Commissioner Cutler, referring to Mr. Pavone's statement that Sunway was personally guaranteeing the project, asked if that was in writing, and what it is that they are guaranteeing. Mr. Pavone advised they are guaranteeing the debt and equity for the project. Mr. Brautman advised that Sunway will be guaranteeing the debt side along with Northland Networks for the project completion and everything else. Commissioner Cutler noted that Mr. Pavone had stated Sunway was going to personally guarantee the debt and equity. Mr. Brautman clarified that Sunway consists of himself and his partner. Commissioner Cutler asked if the DCI has looked at their information. Mr. Brautman confirmed that they have undergone the necessary background checks. Commissioner Cutler asked Mr. Brautman how much Sunway is going to personally guarantee. Mr. Brautman stated that any equity shorted that may come from London Bay, Sunway is prepared to put into the project.

Commissioner Hayes asked Mr. Pavone to provide an update on what steps have been taken with regard to construction drawings, bids, the timing of construction and when they expect the casino to be completed. He also asked for clarification as to when the casino is expected to be completed as he has seen two different dates: May 2012 and May 2011. Mr. Pavone stated that the expected completion date is in the fall of 2011. He stated that the engineering, construction and architectural firms are completing the construction documents, and most of the design documents have also been completed. They expect to be able to start the bid process within 30 days of being awarded a license, and moving dirt by the end of June, and physically start construction within 120 days.

Chair Seyfer asked if they would start construction prior to the November referendum date. Mr. Pavone answered in the affirmative, absolutely.

Commissioner Cutler asked Mr. Pavone to explain how the funding would work if the actual funding is not going to be in place. Mr. Pavone advised that the equity commitment would draw down first and the debt portion second. He stated that the equity portion is committed and will allow them to proceed with the project immediately, noting that there is a significant amount of dirt work to be done. Commissioner Cutler asked if even with the equity portion in place they would need 60 days before construction would begin. Mr. Pavone indicated that was correct; it will take approximately 30-120 days to complete the design work, get the bids, etc.

Commissioner Urban told Mr. Pavone that his proposed site was one of the most beautiful she has seen. She stated that from previous descriptions of the project provided by Mr. Pavone, it is going to be a recreational facility for families and in the summer time for people with recreational vehicles. She questioned how the property would sustain a hotel for 12 months out of the year when there is a 450-room hotel and large casino down the street. She asked him to explain the advantages of people coming to his facility.

Mr. Pavone advised that the hotel will be a Holiday Inn Express or Hilton Garden Inn, which will bring a built-in base of loyal customers. He noted that prior to his gaming industry career he was in the hotel business. He referenced Sunway's hotel experience as well. Commissioner Cutler asked if there were signed documents with any of the franchisees. Mr. Pavone indicated that an agreement has been signed with Holiday Inn Express and a letter was included in the application. He stated that the parties feel the recreational and family use areas are very important; they don't expect it to be a money maker. He indicated the RV park will be for the upscale RV traveler who has time and money. It is their belief that the location along I-35 and Iowa City will be a large draw. He noted there are 1.49 million gamers living within 90 minutes of the facility; They can draw patrons from Iowa City, Waterloo, Cedar Falls, Ames, Marshalltown, and Des Moines. He reiterated their belief that there is an untapped robust market, and that the project would provide those visiting the Meskwaki facility another option while they are in the area. Additionally, the added access via I-35 and Highway 30 will also be extremely beneficial.

Commissioner Hayes asked Mr. Pavone about the Innovation study piece of the revenue projections. Mr. Pavone advised that Signature utilized two studies; a company out of Denver, Colorado and since they wanted to use the Commission's figures, they also had The Innovation Group update the Commission's study to more accurately reflect the project as they see it. In the November study, Signature asked Innovation to update the market to show the out-of-state market of 12.4% and the increased revenues from the hotel rooms, slot machines, table games, the RV component, etc.

Commissioner Hayes noted that the proposal in the application indicates 518 gaming positions. The Innovation study shows the same revenue amount for 633 games. He inquired about the 115 game differences, and how the revenue numbers could be the same.

Mr. Hlavsa advised that each table game has seven seats, while a slot machine has one. The table game would account for seven positions versus one for the slot machine. Commissioner Hayes asked about the gaming win figure. Mr. Pavone indicated that Innovation's updated study showed \$175 win per gaming position.

Commissioner Hayes stated that he did not see anything reflecting the initial license fee payment in the pre-opening expenses. Mr. Pavone indicated it was on the 5-year spreadsheet included in the application. Commissioner Hayes explained that those figures are being taken out of revenue; the fee he is inquiring about is due within 30 days of being granted a license. Mr. Pavone advised that fee is part of the equity component; that \$5 million has been built in and the first \$1 million will come out when the license is granted. Commissioner Hayes stated that he felt it was in the five-year plan. Mr. Pavone reiterated that \$5 million is in the operating budget and is included in the project plan. Commissioner Hayes stated that he is reviewing the project financing document that was provided in March, and does not see an amount large enough to cover the fee; there are 18 months of construction and operating costs. Mr. Hlavsa stated that he is not sure if it is actually identified or if it is a component of the construction costs. He indicated that Commissioner Hayes is correct in that it does not appear in the March document; it was intended to be included but he cannot identify where it is. Mr. Pavone stated that they will identify where it is for Commissioner Hayes. He requested that they do so prior to leaving the meeting today.

Commissioner Hayes noted that the group appearing before Tama indicated that each machine could cost between \$18-20,000, and they have only allotted \$12,500 per machine. Mr. Pavone advised they are actually using about \$17,000; have \$6 million slotted for machines. In their breakout for the construction budget, they have included the gaming license, the gaming system, the Oasis system, and the surveillance system all set forth independently. There is approximately \$7 million for games, some of which will be participation games that are not actually owned. He stated all of the 500 slot machines would be new on the floor, but there will be some that can not be owned.

Commissioner Hayes asked how many games they would own. Mr. Pavone indicated about 400. Commissioner Hayes asked if there would be approximately 100 games that would be leased. Mr. Pavone indicated that would be a good ballpark figure; that it could be 75-100 depending on what games are on the market when they are preparing to open. Commissioner Hayes asked how the mix of machines would affect the cash flow. Mr. Pavone stated that casino operators tend not to like participation games, and that when he was with Argosy, they tried to avoid them when possible. He indicated that is difficult as they usually are the newest, hottest games that the patrons want to play. The good news is that they generate more revenue so they offset any lease amount. Mr. Pavone advised that in terms of hard cash, there is \$6 million in hard costs for slots and another \$500-700,000 for the slot system, the Oasis system.

Commissioner Hayes asked Mr. Pavone to show where they have included funds for the non-profit. Mr. Hlavsa stated it is included in the 5-year projections. Mr. Pavone indicated they did not have a copy with them at the podium, but did have it with them. He stated that it is a line item that says fees to the city, county and non-profit. Mr. Pavone stated that it is also designated in the agreement with the non-profit; they start at 3.5%, and the city starts at 3% and climb from there. Mr. Hlavsa advised that about \$1.3 million will be going to the non-profit. Commissioner Hayes stated that he was not seeing it. Mr. Hlavsa stated that the document he was looking at was very generalized. Commissioner Hayes asked what line items were included in the document he was looking at. Mr. Pavone indicated it has the same numbers as before, the document just doesn't provide the details.

Chair Seyfer asked Mr. Humphreys if London Bay had all the information they would need at this point except for a license in order to proceed. Mr. Humphreys stated they have all of the materials they need; what they would typically do to complete the assignment is very much an itinerate process. He indicated there would be a lot of back and forth between London Bay and the family offices in understanding the aspects of the project. Mr. Humphreys stated that London Bay does not need anything else informationally.

Chair Seyfer asked the same question of Northland. Mr. Seidel answered in the affirmative, indicating that the normal process would be to put together an Offering of Memorandum which would summarize the transaction. He indicated that Northland has the needed information, but have to put together the book that would be used to go out and sell the project in the market. Chair Seyfer asked when the latest numbers that have been provided to the Commission were provided to him. Mr. Seidel advised that Northland is updated when the Commission is updated. He indicated Northland is good with the numbers that they have been provided.

As there were no further questions regarding the Tama project, Chair Seyfer called on Ingenus of Iowa, LLC (Ingenus)/River Hills Riverboat Authority (RHRA). Ken Mimmack, CEO of Ingenus, stated the site visit went well, and that the project has substantial support within the community. He noted that there has been a substantial amount of testimony regarding cannibalization. He indicated they are prepared to address that issue along with any questions concerning financing. The following individuals were present to respond to questions: Ken Mimmack, Antoine Smith from Saqqara Gruppe (Saqqara), Jim Bouchard from Esmark Corporation, Joe Helfenberger, City Administrator, and Dale Uehling, Mayor.

Commissioner Urban asked Mr. Mimmack when he first heard about Saqqara, what factors he used in choosing them to provide the financing, and what information he had available to him to lend them credibility. Mr. Mimmack stated that he was introduced to Saqqara by the Lynn Group, who has been involved in various projects in Michigan for the last 7 years. He stated that Fred Lynn has a relationship with Saqqara, and introduced Saqqara as a group that could provide financial support for the project. Saqqara's



original interest in the project was in the entertainment project, the development beyond the proposed casino facility. Mr. Mimmack reminded the Commissioners that when the application was submitted, it contained a letter from Esmark for financing. They withdrew due to other business transactions that were time sensitive, and it was at this time that Mr. Lynn offered Saqqara as a substitute funding source. Saqqara jumped at the opportunity and enhanced their ability to provide a larger pool of money. Mr. Mimmack stated that he did go out on the Internet in an attempt to find information on Saqqara, but found not much was available. He then called Mr. Lynn and asked questions. He learned this would be their first foray in the gaming industry; that most of their financial endeavors have been in other areas. In selecting Saqqara to provide the funding, Mr. Mimmack stated that he relied to some extent on their relationship with the Lynn Group.

Commissioner Hayes asked Mr. Mimmack what types of projects he learned of that Saqqara had funded during his conversation with Mr. Lynn. He is not sure of the number of projects Saqqara has funded, but they have been for new technology and some IPO development. He learned they are involved with some high net worth individuals with the ability to provide a cash stream to new businesses. He stated his understanding that there have been situations where Saqqara has participated in projects; they will not be involved in this project.

Commissioner Cutler inquired if he had talked with any of the net worth individuals. Mr. Mimmack indicated that he did not. Commissioner Cutler asked if he had talked to anyone connected to the projects that Saqqara has funded. Mr. Mimmack again stated that he had not.

Commissioner Urban asked Mr. Mimmack if it was his understanding when he was first introduced to Saqqara that they were going to provide the funding. Mr. Mimmack stated it was his understanding that they were the source to provide the equity but did not know if that meant participating equity-wise or providing the necessary funds from an institution. There were no specific discussions about whether the funds would be Saqqara money; he understood that Saqqara was the source that would provide the needed funding.

Commissioner Urban stated she is not very good at using the Internet, and just thought she was missing something when she was unable to find any information on Saqqara. Mr. Mimmack reiterated that he was not able to find much information. He indicated that Mr. Smith is available to talk about funding and the reasons why he can write the firm's commitment letters that have been presented to the Commission.

Commissioner Urban noted that they had questioned Mr. Smith about previous projects for which he has provided funding when he appeared before the Commission in March. At that time, Mr. Smith indicated the information was confidential. In her opinion, if someone is a successful business person, they would want to state that they had been involved in specific projects. She stated that the Commission has not received any

information regarding projects that Saqqara financed. Commissioner Urban requested that information.

Mr. Smith stated that with regard to the confidentiality, it is due to the fact that he is a facilitator of the loans. He noted that Mr. Humphreys from London Bay had used the term "agent" meaning that he is not controlling the money, but is out raising the funds. He stated his job primarily consists of some proprietary software and technology that provides him with the opportunity to solicit the client's business, put the information into the system, review the financials and the software will provide him with a list of potential investors. He indicated the list is a very short list. That list, along with other relationships that he has leveraged with his Rolodex, allows him the opportunity to go into the private capital equity market to solicit funds. Mr. Smith stated that he is not in a position to state that Saqqara has financed anything; he is a facilitator and consultant. He sets up the client with the investor; they don't allow him to disseminate, distribute or alter the proposal in any way to indicate that he was the facilitator of the transaction.

Commissioner Cutler asked who was going to provide the funding. Mr. Smith stated that in this particular case it is going to be Morgan Stanley, as submitted in the commitment letter based upon the preliminary underwriting package that he put together. Commissioner Cutler asked if the Commission could see the commitment letter from Morgan Stanley. Mr. Smith stated that Morgan Stanley would not allow him to release it as there are still several conditions that need to be met; one of those being evidence of licensure before they will consider themselves fully engaged.

Chair Seyfer asked what other conditions are in place. Mr. Smith stated that once evidence of licensure has been presented, Morgan Stanley would engage their full team of construction value estimators, engage a project manager, and a cash management system facilitator to work shoulder-to-shoulder with Ingenus to insure that the initial data that was submitted to them is consistent relative to the rate of return and debt value. Chair Seyfer asked Mr. Smith if he had worked with Morgan Stanley previously. Mr. Smith stated that he had referred other business to them. Noting that Mr. Smith used the term "referred", Chair Seyfer asked if Morgan Stanley had accepted any of the business. Mr. Smith indicated they had. Chair Seyfer clarified that Mr. Smith could not provide any of that information. Mr. Smith indicated that was correct. Commissioner Cutler asked if that true even if the information would have remained confidential. Mr. Smith again indicated that was a correct statement.

Commissioner Cutler stated that from information contained on the website that Mr. Smith is now conducting business as ClearSight and asked what happened to Saqqara and if he is still going to provide funding for the project. Mr. Smith advised that ClearSight is an entity that was rebranded and some of the purposes of Saqqara were moved to ClearSight. Under ClearSight, they have a lead certified architectural firm in the form of ClearSight Architecture and a developer in the form of ClearSight Development as well as a number of general contractors. He noted there are still some existing relationships

and old contracts that need to expire under Saqqara. Saqqara is slowly but surely being wound down.

Commissioner Hayes asked Mr. Smith why he felt Morgan Stanley didn't want the Commission to see the commitment letter. Mr. Smith stated that it contains proprietary language, and until such time as a proper term sheet has been released and fully engaged they want to do everything within their power to protect their legal position relative to not intimating anything that would be presumptuous.

Commissioner Cutler took that to mean that Morgan Stanley has not committed to providing the funding at this time. Mr. Smith indicated that was not correct; they have given him the authorization based upon the underwriting process he previously outlined which allows him to underwrite the project to 90% specificity, so unless something occurs that could not have been imagined, it is just a matter of the final engagement of the final 10%.

Commissioner Hayes stated the Commission had been provided with a term sheet within the last two months that indicated the financing terms would have a rate of 10 years Treasury plus 275 basis points. He asked what the rate would be. Mr. Smith explained that it is difficult to obtain debt in today's market place, but the rate would be dependent upon the indices that they would be working with. The advantage that Ingenus has is that there really is not a true equity play here as the RHRA is providing other bond referenda. That provides an opportunity for a true debt package. Commissioner Hayes noted that the current 10-year Treasury rate is approximately 3.25%.

Commissioner Hayes asked how Morgan Stanley would look at the facility being on leased land. Mr. Smith stated that the last 10% process for the final underwriting, that is where the commitment and personal guarantees come into play. He indicated there are other ways to secure the debt stack in and of itself. Ingenus would have to be fully cooperative during those discussions.

Commissioner Hayes asked Mr. Mimmack if he was aware of these personal guarantees. Mr. Mimmack indicated that he was, but did not have the financial capabilities to do so on his own. He indicated there have been some discussions. It is his understanding that Ingenus is financing over half of the project. They will be borrowing \$40 million of debt, and the city and county will be financing the parking garage, street modifications and other infrastructure via bonds. Based on these and other amenities present, this facility would be considered a mature entry into the gaming industry.

Commissioner Hayes stated it is his understanding that if the project is 100% financed, the rate would be less. Mr. Smith indicated that was correct. Commissioner Harrison asked why that would be. Mr. Smith stated that there is investment grade and non-investment grade capital available on the private market, which is tied to the amount of cash available to the end user.

Commissioner Urban told Mr. Mimmack that she is very concerned that he does not have the necessary funding. Additionally, she is concerned about the expectations the residents of Ottumwa have. She referenced site visit, and the fact that during the presentation, those in attendance clapped when reference was made to the \$230 million commitment for an enclosed entertainment center that would go along with the casino. She stated that the residents did not see the following statement at the bottom of the document: "This document shall in no way be interpreted as a guarantee for funding." It is her opinion that everyone in attendance thought they would get the entertainment center if the casino license was granted. Mr. Mimmack stated that Ingenus has always felt that it was important to show a vision beyond the four walls of the casino. They brought the Lynn Group in to work with the city planners with regard to the entertainment center. He went on to state that it is their understanding, and they have made effort to make it very clear to the residents, the City and County, that without the casino, the entertainment center has no chance of coming to fruition. He indicated that he has comments from people wondering how real the entertainment center is over the last couple of months. They felt it was important to show the residents that it had a chance, but that it was tied to the success of getting the casino license. Additionally, they felt that if Mr. Lynn could show some form of financing it would show that he was serious about the development. Mr. Mimmack stated that in no way has the entertainment center absolutely been promised; they have been very clear that it has no chance of happening without the casino. He stated that if even half of what Mr. Lynn has envisioned for the entertainment center happens, it would provide an opportunity for Ottumwa to revitalize their downtown. Mr. Mimmack stated the casino project has firm financing from Saqqara.

Commissioner Cutler asked Mr. Mimmack if he had talked with Morgan Stanley. Mr. Mimmack indicated that he had not. Commissioner Cutler stated that the Commission has no proof of financing other than someone's name on a piece of paper. Mr. Mimmack noted the impasse with providing the requisite information to the DCI, and indicated that it has been a very frustrating situation for Ingenus as well. He noted the willingness of Mr. Ketterer and other staff members to talk with them about the situation. Mr. Mimmack stated they also understand the position of Mr. Smith and his legal counsel; that he is not taking more than 5% equity therefore it does not make sense for him to complete the DCI background form. He further stated that Ingenus understands the need to have a transparent process. Mr. Mimmack stated that Ingenus made the decision that while Mr. Smith stands behind his commitment and has indicated the funds are available; they have reached out for some opportunities for a backup plan because they believe in the project and that Ottumwa deserves the project. He noted that the original application submission contained a letter from Esmark Corporation. Mr. Mimmack stated that Jim Bouchard, CEO and Chairman of the Board, and his team are present and prepared to address the Commission regarding his interest in the project and re-establishing their involvement in the project, as well as their ability to work with the DCI. He stated that Esmark has completed the business transactions that caused them to step back from the project earlier.

Commissioner Harrison asked Mr. Mimmack what steps he has taken to communicate with the residents of Ottumwa that the financing for the project is a secure deal. Mr. Mimmack stated they have been told they have a financing interest letter. The information has been provided over the radio and in the local newspaper, to the City and County representatives. At this time Mr. Mimmack turned the floor over to Mr. Bouchard, who provided a brief history regarding Esmark and their off and on-again involvement with this project. He indicated his belief that Mr. Mimmack would build a first class operation based on his own due diligence regarding Mr. Mimmack. He stated that Esmark would have all of the SEC information and bios of key personnel sent to the Commission.

Commissioner Hayes asked Mr. Bouchard if he would finance 100% of the project at 6.5%. Mr. Bouchard indicated that he would not. He assured the Commission that they have no fall back plan, and that any money put in the project would be cash. They are looking at this as a long-term investment with Mr. Mimmack and his group. He assured the Commissioners that Esmark would be taking nothing out of the casino.

Mr. Mimmack thanked the Commission for their patience in allowing Esmark the opportunity to reintroduce themselves. They have brought copies of their audited financial statement and company information that they are comfortable sharing with the Commission and DCI. Mr. Mimmack stated that Esmark provides a viable backup financing plan for the Ottumwa project.

Commissioner Urban stated that she wanted to know more about the Bridge View Center; Ottumwa received \$7.5 million from Vision Iowa for project. She stated that it is an extremely impressive center, and wanted to know why it hasn't been successful. Steve Siegel, Chairman of RHRA and a County Supervisor, stated that the City and County are contributors to the operation of the Bridge View Center. He indicated that the facility is operating at \$500,000 deficit per year, with part of the problem being that there is no hotel associated with it. Mr. Siegel stated that the casino, parking garage and hotel would be extremely beneficial to the Bridge View Center and turn it into a profitable, viable enterprise.

Commissioner Urban asked if the proposal and figures submitted to Vision Iowa for the project included the possibility of a hotel as an added incentive to fund the project. Mr. Siegel stated that he didn't think Vision Iowa expected it to be profitable right away.

Mayor Dale Uehling stated that the pro forma and projections that were presented to Vision Iowa were made by Bridge View Center, Inc., a non-profit organization that raised approximately \$5 million toward the center. He advised that Bridge View Center, Inc. and the city were a joint applicant for the Vision Iowa funds. The projections showed that the Bridge View Center would not make a profit. Mayor Uehling stated that a majority of event centers do not make a profit for a number of years. He stated the Center was improving and then the recession hit, and a lot of events were cancelled. Mayor Uehling stated that based on the way 2010 has started for Bridge View; they will again cut the

deficit. He stated the City hopes to start receiving some funds from Bridge View, Inc. to help with the deficit soon.

Commissioner Urban stated that she was not being critical, just trying to understand what was going on. She asked if the City had gone out looking for a hotel developer. Mayor Uehling answered in the affirmative, noting they had several that were interested until the recession hit. He stated the City sees the opportunity to create some synergy within the community and also with other communities within the County.

Commissioner Urban noted that only 19% of the eligible voters participated in the first vote, and the margin by which the referendum passed was very small. She asked if any kind of survey has been done to indicate that the upcoming November referendum would pass. Mayor Uehling indicated that an official survey has not been conducted, but the project has received a lot of support. He stated that they feel if the referendum were held today with what has been proposed that it would pass by a much higher percentage. He advised that there was no major campaign or promotion in opposition to the original referendum.

Mr. Siegel stated that the referendum in Wapello County took a different path than in most communities. A group of citizens collected the requisite number of signatures on a petition to get the referendum on the ballot, and it passed. Commissioner Urban showed the personal letters she has received from residents of Ottumwa expressing their opposition to a casino in Ottumwa, which is why she asked the previous questions. Mr. Siegel and Mayor Uehling both stated they feel the referendum will pass in November. Mr. Siegel noted that the local newspaper had printed some of the letters and conceded that there is an element within the community that opposes the project, and that there are some in every community. He reiterated that there is well-rounded support from various factions within the community and reiterated his belief that the November referendum will pass.

Commissioner Hayes asked if a vote is required to approve the bonds being sold by the city and county. Mr. Siegel answered in the affirmative. Commissioner Hayes asked when that vote would take place. Mr. Siegel indicated that it would take place as soon as possible after the granting of the license; that as a community, they cannot invest a lot of public in something that they don't know is going to happen for sure. He stated that if Ottumwa receives a license, they will make it all happen.

Mr. Mimmack asked to provide his perspective on a couple of the recent questions. With regard to the negative letters mentioned by Commissioner Urban, Mr. Mimmack stated that the petition had 1500 signatures within a week and a half of being started. He stated there is a significant amount of support within the community, and believe it is sufficient that the referendum will pass.

As to why there is no hotel at Bridge View, he indicated that most of the developers felt there was not sufficient room and the facility is under parked; there are only 300 parking

spaces for a 30,000 square foot facility. Mr. Mimmack stated that it is beautiful facility that is underutilized for what it was designed for. Their plan calls for a change in the circulation of the traffic and streets to allow for the addition of a hotel. They have received preliminary approval from the Iowa Department of Transportation for those plans. Mr. Mimmack stated that discussions have taken place with Vision Iowa about the plans to insure that they will not have an impact on the funds received to construct Bridge View.

Commissioner Hayes asked about the change in the number of hotel rooms, noting that the hotel revenue projections are based on 125 rooms while the original application calls for a 100-room hotel. A 25-room difference will impact costs substantially. Mr. Mimmack stated the hotel will have 104 rooms at a cost of \$75,000 per room. Removing 21 rooms will have a cost difference, but the performance numbers provided in the pro forma were for a 100-room hotel. From past experience, the additional value of a hotel guest compared to a casino guest is between five and eight times.

Commissioner Hayes asked where they provided for the \$2 million licensing fee. Mr. Mimmack stated that it is in the total project budget. He stated that it appears on the one-page pro forma but is not a separate line item.

Commissioner Hayes noted that the 5-year projection reflects a 10% growth per year. He stated that no other Iowa casino has experienced that type of growth recently. Commissioner Hayes asked how that would be possible here. Mr. Mimmack stated that the tourism market has been undervalued; that the addition of the hotel and the joint marketing with Honey Creek and existing local hotels, individuals will increase the length of their stay. He stated that in previous projects that Ingenus has developed from the ground up in a new market, they have experienced double digit growth.

Commissioner Hayes stated that in the March 23<sup>rd</sup> presentation Mr. Mimmack talked about building bridges with existing casinos in response to questions about cannibalization. He asked what steps have been taken to build those bridges. Mr. Mimmack stated that they have held meetings with the surrounding businesses and talked about the opportunity to do some joint marketing. They have also reached out to Honey Creek. Commissioner Hayes stated that the "building bridges" response was related to the current operations at Burlington and Osceola. Mr. Mimmack stated that they are committed to working with those facilities. He indicated that a letter had been sent to Mr. Winegard, and have had a meeting with Gary Hoyer and talked about partnering up and working together to create a southeastern casino trail, which naturally exists with the Amtrak train that runs from Chicago to Burlington to Osceola. They did offer to make the Burlington operation whole, within limits, if the Ottumwa facility had a negative impact. Ingenus has pledged that they are not going to aggressively market in the respective markets for Burlington and Osceola; that they will market in their own core market and northern Missouri.

Commissioner Hayes asked Mr. Mimmack to provide an update on where they are at in the process of construction drawings, bids, etc. Mr. Mimmack called on Brian Meyers with Weitz Construction. Mr. Meyers advised that the documents are in the conceptual stage at this time. He indicated there would be a pre-construction phase that would last approximately 3-4 months to get the documents completed. There would be a fast track organizational process and anticipate being able to get started with some construction activity within the first couple of months. The construction is anticipated to take 14 months overall, and with pre-construction time included, it would be 17-18 months. The facility should be ready to open in November 2011.

Commissioner Hayes stated that the original projections provided in the application showed net revenues of \$43.6 million; however, the information received in March shows revenues of \$50 million. He noted that expenses had not changed and wondered what had changed. Mr. Mimmack stated that Ingenus does a low, medium and high analysis when reviewing projects. He stated that everything was justified on their low projection. In meetings with the DCI, the DCI stated that if they really felt the facility is going to do differently than the lowest projections, they needed to put that information forward, which is when Ingenus provided the low, medium and high analysis of the project. He noted that the state studies indicated that a low end project with no hotel, convention center or waterpark would generate revenues of approximately \$32 million. This project will have a 100-room hotel, convention center and a parking garage. Those amenities move the project to the high end and should generate approximately \$50-55 million in revenues. He stated that if Ingenus has missed their own middle market number, they know that what they committed to is still a viable project.

Mr. Ketterer asked about the average room rate. Commissioner Hayes also inquired about the occupancy rate, noting that most hotels connected to a casino are experiencing a 65-70% occupancy rate. Ingenus has projected an occupancy rate of 85%. He stated they are going to focus on filling the hotel, reiterating their experience that an attached hotel and an average gaming win per guest of \$45; an average of 1.5 people per hotel room and an average value of 5-8 times of a walk-in guest. He stated that it is not important for them to get the \$115 rate as it is to achieve the 85-90% occupancy rate.

Mr. Ketterer asked if the vote on the bonds required a 50% or 60% approval in order to pass. Mr. Helfenberger advised that in order to pass 60% have to approve the sale of the bond. Mr. Ketterer asked the City's past experience with bond votes; have they passed or not. Mr. Helfenberger stated that he could not remember the last time they had a bond issue that had to go to a vote. Mayor Uehling advised that the City has not had a recent bond issue that had to go to a vote. There were a couple of bond issues that did not have the support that they anticipate this bond issue would have. It is anticipated that there is significant support within the community for this bond issue. Mr. Ketterer asked if there are any backup plans in the event the bond issue didn't pass. Mr. Mimmack stated that they have talked to a couple of other capital investment firms based on the stalemate with Saqqara. The plan is to get moving prior to the vote as it is their understanding that if the project is granted a license this time, they have at least 8 years to operate the facility



before it would have to be submitted for another vote. They feel it is worth the risk and they have the ability make some return on their capital.

Mr. Ketterer noted that Mr. Mimmack has mentioned the attractiveness of having the \$20 million from the City and County and only having to finance \$40 million. Based on what he has heard from the other applicants, he questioned how that is different than them having to put up 40-50% equity. The \$20 million represents about one-third of the project. What is it that makes it more attractive to the lenders and enables them to get a 6-7% interest rate on \$40 million rather than the 12% the others have to pay? Mr. Smith stated that it had to do with the weighted average cost of the capital. At a lower debt modicum, there is a lower internal rate of return or an annuitized return. Mr. Smith stated that when you look at the compilation of the vision of the referendum, the capital stack comes into play and lowers the overall risk at the end of the day.

Commissioner Urban stated that she feels like Esmark fell out of the sky and came to the rescue. She indicated that she is not sure how they fit in the process this late in the game, and is not sure that they do. Mr. Mimmack noted that over the last couple of weeks it became very clear that there was a stalemate between the financing source and their ability to submit the information specifically requested by the DCI in order for them to proceed with the background investigation. While Mr. Smith offered to have them at his company to see how it operates and show his clients, etc; that just doesn't compare with providing the information requested in the Class A background. After hearing those concerns and having an opportunity to meet with Mr. Ketterer and DCI, Ingenus was focused on finding the information from Morgan Stanley. At the above-mentioned meeting, it was clarified for him that the DCI was really interested in the Saqqara Gruppe. Mr. Mimmack introduced Esmark to AD Paulson, and felt that since Esmark was part of the original application, they would be a financing avenue that would provide a comfort level to everyone. It is his hope that Ottumwa will not be penalized for the position of their funding source. They have explained to Saqqara that if the Commission and the DCI are not comfortable with the information provided, then they would have to seek funding through another route. Mr. Mimmack stated that he wished they would have known the impasse existed 2-3 months ago.

Chair Seyfer stated that Ingenus did know of the impasse; that it has gone on for months. Mr. Mimmack stated that they had not understood that Morgan Stanley had not responded, and understood that it was their policy. It only became clear to them in the last couple of weeks that it was really Mr. Smith and Saqqara that the DCI was interested in even though he is not providing equity. Commissioner Cutler indicated that this has been going on since January. Mr. Mimmack stated that he informed Saqqara and Esmark upfront that Ingenus would not accept their commitment letter unless they understand that they had to be willing to open up their history, life and finances to the DCI. He believes that when the information was submitted to Morgan Stanley and they were asked to provide information on all of the Board members and officers, which had never occurred before, their legal counsel advised Mr. Smith that was not something they do. This transpired at the end of February. Mr. Mimmack stated it was their understanding when

they submitted the application that unless someone had a 5% or more equity interest, they were not required to submit to a background investigation.

Following a short break, Chair Seyfer called on Webster County gaming, LLC and the Heart of Iowa Foundation. The following individuals were present to respond to questions: Brent Stevens, CEO of Peninsula Gaming (PGP); Mark Crimmins, Monica Vernon, President of Vernon Research; Alan Tomes, and Jim Oberkirsch from Innovation.

Mr. Stevens stated that he would like to address some of the comments heard earlier today, and called on Ms. Vernon to address the issue of competition versus cannibalization. Ms. Vernon stated that she and two professors from Iowa State conducted an analysis of the gaming industry regarding competition and cannibalization. She stated that after completing the analysis of the industry and market conditions, it is their belief that the term cannibalization has been misused and misled the current debate. They found consistently increasing revenues, suggesting that cannibalization does not currently exist in Iowa's gaming industry. It is their opinion that approving new casinos would add healthy competition to the market place, improving the strength of the gaming industry in Iowa, and help Iowa to compete with other states. Ms. Vernon stated that the study showed when a market is saturated it no longer generates further demand and stops growing revenue. That has not been the case in Iowa, the average annual increase since 2002 has been approximately \$25 million, or 3.7%. She stated that introducing competition into a growing market is important to promote self-improvement within the gaming industry. Ms. Vernon stated that if a license is not granted to Ft. Dodge, Wild Rose Emmetsburg will continue to operate in their current fashion without making any additional investments. They do expect continuing competition from facilities outside of Iowa.

Ms. Vernon stated should a license not be granted to Ft. Dodge, Palo Alto County would not experience any additional economic impact in the short term, and Webster County would be denied millions of dollars annually in community economic impact. A positive vote would get a casino investment in excess of \$50 million, generating in excess of \$70 million in economic impact in the coming years. While Palo Alto would experience a slower growth, both properties would benefit from competition as they would work to differentiate themselves and continue to add products, better service and more attractions. Noting that Iowa is surrounded by six other states that offer gaming, Ms. Vernon stated that competition is inevitable.

Ms. Vernon stated that while Iowa may have questions about casino saturation, the study made it clear that other states are not going to stop looking at how they can build bigger and better properties to take on the demand that exists. She indicated the real question is how Iowa's gaming industry would be poised to compete in an intensely competitive upper Midwest market.

Alan Tomes, of Tomes Consulting in Cedar Rapids, IA, stated that he served as the director of the State Economic Development Department from 1986-1989 and again in 1991-1994. He stated that he would be addressing the issue of the economic impact of a casino in Ft. Dodge, Webster County, the surrounding counties and Palo Alto County. Areas he looked at were job growth in Webster County and the employment projections for the next 10 years; impact of the casino construction, impact of casino employment, the impact on the Ft. Dodge casino on Wild Rose in Emmetsburg, and the net impact of the project. He stated that the area has lost approximately 1300 jobs due to the closing of two major employers in the area, which has had a significant impact on growth in the Webster County area, resulting in a negative 1.5% growth over the next five years. Using 345 full-time employment position and projected revenues of approximately \$54 million per year, Mr. Tomes stated the casino jobs would create a total of 494 jobs due to the creation of spin-off jobs and \$18.3 in total earnings, resulting in a \$135 million annual impact on the Webster County economy.

With respect to the impact of a Ft. Dodge casino on the Wild Rose Emmetsburg casino, he found a negative impact ranging anywhere from \$2 million to \$7 million in revenue. Mr. Tomes stated that Wild Rose could possibly suffer some losses. He used that terminology because he feels Ms. Vernon presented a very strong case that competition should grow the market, thus Wild Rose would experience a leveling off of their revenue. Mr. Tomes stated that a loss of \$2 million would equate to the loss of 40 jobs at Wild Rose, or a total loss of \$6.8 million in economic impact in Palo Alto County and the surrounding counties. He proceeded to review the other scenarios set forth in his report. Mr. Tomes stated that the most important factor was to provide an idea of what the net loss would be, but given the information provided by Ms. Vernon, he does not believe there will be that much of a negative impact but does serve to show what the net impact on the State of Iowa would be if there were sustained losses. The report states that a new casino in Ft. Dodge would have a significant positive impact on the Ft. Dodge area. Arguments have been presented that a casino in Ft. Dodge would have a negative impact on the Emmetsburg area. Mr. Tomes stated that the two impacts need to be combined in order to show the net impact to the State of Iowa.

Mr. Stevens stated that the Commission has heard a lively debate about cannibalization versus competition, and economic growth. He further stated that PGP chooses to believe that competition can be a very powerful and good thing for the State of Iowa and the gaming industry. He noted that when the Commission considered additional licenses in 2005, the Dubuque Racing Association (DRA) was given a conditional opportunity to add table games and expand their casino operations in the Dubuque market; the Diamond Jo chose not to voice any opposition to additional licenses and the expansion opportunity for DRA. Instead they saw it as an opportunity to invest \$100 million into their property and DRA invested \$50 million in their property, and everyone thought the Dubuque market was saturated with \$93 million in revenues, which were declining. Today, the Dubuque market is at \$132 million. Mr. Stevens stated that the gaming customer is very sensitive to value, and it is imperative that the gaming industry and State deliver the very best product possible. In the case of PGP, that meant finding their niche and providing

something that the customer wants. Mr. Stevens indicated that their niche in Ft. Dodge would be the equestrian center, and that the synergy exists for a large regional equestrian event. He stated that if the regional market is addressed appropriately by someone who understands their needs, the parking lot of the proposed facility will be full of horse trailers from all over. He believes the community will be well-served by the equestrian center; that the application is not just about the casino.

Based on Ms. Vernon's presentation, Commissioner Hayes asked if the Commission should ignore the second study completed by The Innovation Group on behalf of PGP for the Ft. Dodge application. Mr. Stevens stated that Ms. Vernon's information should be considered as additive information. He stated there are two studies completed by The Innovation Group; one was completed using drive time information and the other used the radius method. He advised that Mr. Oberkirsch was available to answer any specific questions relating to the studies.

Commissioner Hayes asked Mr. Stevens to provide an update on development, construction, costs, etc. Mr. Stevens stated that construction costs will be approximately \$68.5 million. They hope to break ground this fall and open in the fall of 2011. Mr. Stevens indicated there would be \$17-18 million of pre-costs for the build out, another \$6 million for the hotel and then related costs.

Commissioner Urban asked about financing for the project, pointing out that in response to previous questions about the financing, Mr. Stevens' response was "Give us the license, and we will find the financing." She asked where the financing was. Mr. Stevens advised that the Ft. Dodge application is the only one that has the financing today; it appears on the balance sheet and they have the ability to write a check today. He indicated that PGP has a history of building their projects in a manner that allows the investment industry to see a great deal of opportunity; every project has been delivered on time, on budget and provided great operating results to everyone involved. Mr. Stevens stated that as a result of that track record, PGP has the ability to secure singular financing on just the Ft. Dodge assets, and if they go that route, the financing would be at a very competitive rate.

Commissioner Urban asked Mr. Stevens who he was referring to when he uses the term "we" PGP or Jefferies. Mr. Stevens stated that he is referring to the Diamond Jo Ft. Dodge entity on a stand alone basis. He stated the project could get financing for \$40 million; he noted that they have been approached by Wells Fargo and others, including some hedge funds, which he has no interest in. Mr. Stevens stated that none of their financing plans would hold up construction; they have the ability to write the check off the Peninsula balance sheet today to finance the construction. He informed the Commission that the good news in the market place is that credit market has opened up even though it is not yet apparent in regional bank markets.

Commissioner Hayes asked Mr. Stevens about the relative size of the economy when comparing the Wild Rose location to the Ft. Dodge location. He noted that Mr. Tomes

had addressed the impact on the entire state, but stated that he is also interested in knowing the impact within the local area. Mr. Tomes stated that the figures used in his report are tailored to the Webster County. When considering the Emmetsburg area, the figures are for Palo Alto County and the five surrounding counties. The numbers presented in the report are specific to the areas referenced. Commissioner Hayes asked about unemployment in the respective areas. Mr. Tomes indicated that he did not have those figures, but offered to get them. He stated that he was just trying to look at net income.

Commissioner Hayes noted that The Innovation Group prepared a study for the Commission that indicated a Ft. Dodge casino would capture 43% of its revenue from other casinos. The Innovation Group then prepared a subsequent study which showed it would only capture 23% of its total revenues from other casinos. He noted that the total revenues for the Ft. Dodge casino did not change even though they are capturing 20% less. He asked where that revenue was coming from.

Mr. Oberkirsch stated that change was due to the change in the model used to perform the study. He stated that the drive time and distance model were out of line because of the rural area. He stated that the change works both ways; Emmetsburg will not be pulling as much revenue from the Ft. Dodge market and Ft. Dodge won't be pulling as much revenue from the Emmetsburg market. Using the drive time perspective, the people gaming in Emmetsburg are further away from the Ft. Dodge market, and the reverse is true for those gamers in Ft. Dodge. Each will tend to gamble in their local community rather than travel.

Commissioner Hayes asked whether the local gamer was considered in the original study. Mr. Oberkirsch indicated they were; however, gamers will travel to different alternatives that are located within 30-40 miles of their home. Since Emmetsburg is further away, the Ft. Dodge gamer is more apt to stay home to gamble.

Commissioner Urban asked Mr. Oberkirsch if he ever made the drive from Ft. Dodge to Emmetsburg. Mr. Oberkirsch answered in the affirmative. Commissioner Urban asked him how long it took. Mr. Oberkirsch indicated about 90 minutes. He also stated that MapQuest indicates the drive time is one hour and twenty-nine minutes. Commissioner Urban asked Mr. Ketterer if he had made the drive, and how long it took him. Mr. Ketterer stated that he made the trip in a state car, which required him to drive the speed limit, but from downtown Emmetsburg to Ft. Dodge, it took him 76 minutes.

Chair Seyfer stated his opinion that the gentleman that prepared the report referenced by Mr. Tomes really didn't know what the financial impact would be on the Emmetsburg facility. Mr. Tomes indicated that was correct. Chair Seyfer stated that if Emmetsburg lost \$2 million, the facility would close. Mr. Tomes questioned if he was referring to a \$2 million revenue loss, explaining that the report he referenced talked about revenue loss, not the bottom line.

Mr. Ketterer asked Mr. Tomes what the revenue loss would be if the facility closed. Mr. Tomes stated that he didn't know what it would be. Mr. Ketterer asked, hypothetically, what the economic impact would be if the Emmetsburg facility closed. Mr. Tomes stated that his report did not look at that as that would be considered an extreme result. It is their position that with the synergies between the two properties, and the way revenues have been growing in the state, and the differences between the two casinos, that there would be a leveling of revenue for a period of time and then an increase.

Commissioner Urban stated that she had a few comments. She started out by indicating that the Commission members have received a lot of letters from Ft. Dodge, and some from Emmetsburg as well. Commissioner Urban stated that there were some specific issues that spurred people to write; one of the being the slogan that "Fort Dodge is all in." She noted that 43% of the population voted against the referendum. In her opinion, the Commission would not have received as many letters if a different slogan had been chosen. Her other comment centered on the Commission's site visit and the fact that city employees who supported the project were paid to attend on work time; however, employees who opposed the casino were not allowed to do so. Additionally, opponents were not allowed on the property. Commissioner Urban noted that while all of these were little things in and of themselves, but they add up when taken as a whole.

Commissioner Urban also pointed out that the Commission paid Innovation to perform a study for them and then Ft. Dodge paid them to come up with other conclusions. She noted there are other companies that could have performed the study on behalf of Ft. Dodge. She stated that Innovation lost credibility with her in terms of using some of their figures, especially when she realized they had the ability to move their figures around. She reiterated that while these are not significant things, they did raise concerns and caused people to write letters when they might not have otherwise.

Mr. Stevens stated that Commissioner Urban's comments were fair criticisms. He stated that PGP has a relationship with the local community, noting that they were the ones to seek out Peninsula for the project. Mr. Stevens noted that this will be the first time PGP has had a minority partner in a project. He advised that the debate on the mistake that was made is fair; however, the mistake was not made with a malicious intent. He committed that if PGP is fortunate enough to receive a license, the Ft. Dodge facility will be branded as a Diamond Jo, and that they will bring all of the professionalism and conduct from the line employee through the Commission will be held to the same standards that the Commission has seen in Dubuque and Northwood.

Commissioner Urban commented on the length of the session, noting that it had started at 8:00. She indicated that while it has been that length, it was a good process because it allowed anyone who wanted to comment the opportunity to do so, and that what transpired in Ft. Dodge was not democratic.

As there were no further questions for the applicants, Chair Seyfer requested a motion to adjourn the meeting. Commissioner Cutler so moved. Commissioner Hayes seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

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JULIE D. HERRICK